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What lies behind fatal clash on Colombo-Venezuelan border?

Three members of Venezuela's Bolivarian national guard (GNB) were killed by members of an illegal armed group on 4 November in the southern state of Amazonas bordering Colombia. Venezuela's defence minister General-in-Chief Vladimir Padrino reacted by accusing the Colombian government of using paramilitaries to provoke "a border incident". The GNB, however, appears to have come under attack from the Ejército de Liberación Nacional (ELN), the guerrilla group which the Colombian government has long claimed enjoys unmolested sanctuary in Venezuela. The clash drew attention to a complex skein linking government, gold, and guerrillas.

A unit of the GNB was carrying out helicopter reconnaissance in the Amazonas municipality of Apures near the state capital of Puerto Ayacucho and the border with Colombia when it identified members of an illegal armed group on the ground. The GNB proceeded to make nine arrests, including Luis Felipe Ortega Bernal ('Garganta'). Far from being a "paramilitary" operating in the contiguous Colombian department of Vichada, Ortega is a senior leader of the ELN's Domingo Laín front. This is the guerrilla group's most powerful front with a presence along much of the shared border between Colombia and Venezuela. Ortega was carrying Venezuelan identification, as well as a 'carnet de la patria' homeland card in the name of Gabriel Alfonso Ariza Suárez.

Several hours later, the GNB patrol came under attack in Picatonal, a nearby indigenous community. In the resulting gunfight the GNB suffered three fatalities, with a further 10 members of the patrol sustaining injuries. Padrino categorically rejected the violence for which he blamed Colombia "whose governments have failed to restrain it, negatively affecting peace and progress in the border region for more than 60 years". He underlined the "unswerving commitment" of Venezuela's security forces to "fight cross-border crimes and any armed group acting in our territory outside of the law".

The Colombian government offered to provide "full collaboration" with the Venezuelan authorities, arguing that "the fight against terrorism is a duty of all states". For years it has bemoaned the fact that ELN guerrillas melt across the border into Venezuela after perpetrating attacks on oil infrastructure and security forces in Colombia. The government led by President Nicolás Maduro has denied the ELN is active on the Venezuelan side of the border. The Venezuelan opposition, however, called on the Maduro administration to take action against the ELN and to accept the Colombian government's offer of cooperation. Opposition deputy Delsa Solórzano accused Padrino López of being too fearful to mention the ELN by name in connection with the attack because of the Maduro administration's links to the guerrilla group.

EU extends Venezuela sanctions

The European Union (EU) said on 6 November that it is extending sanctions against Venezuela for another year due to human rights violations and the absence of democracy. The sanctions include a ban on the sale of arms and “equipment for internal repression”. There is also a travel ban and asset freeze for 18 senior officials.

During a debate in the national assembly, one opposition deputy, Américo de Grazia, went further. De Grazia, a member of La Causa Radical (LCR), representing the state of Bolívar, adjacent to Amazonas, specifically linked the ELN’s presence in Venezuela to gold. He accused the Maduro administration of using the guerrilla group to extract extortion payments from small-scale miners of gold, as well as coltan (a metallic ore used in electronic devices such as mobile phones), diamonds, and bauxite, in Amazonas and Bolívar.

De Grazia claimed that the ELN controlled seven mining areas, supplanting the ‘pranes’ (local gang leaders) with the tacit encouragement of the Maduro administration, which he said views the guerrilla group as more “reliable” in order to entice “big multinationals demanding more security in the area in order to invest”. On 1 November Venezuela’s attorney general, Tarek William Saab, hailed the arrest of Eduardo Enrique González Mejía, whom he dubbed ‘the gold czar’, as a sign of the government’s commitment to restoring order to the area. Saab said González Mejía “financed groups of murderers” in Bolívar and ran an illegal gold operation. The very next day Maduro announced that his government was on the point of launching a ‘Gold Plan’, “certifying 32 gold fields that would establish Venezuela as the second-biggest gold reserve in the world”, generating more than US\$5bn in revenue in 2019. Maduro decreed the ‘Arco Minero del Orinoco’, a 111,000km² area running from the border with Guyana in the east over to Colombia in the west, to be a ‘strategic mining zone’ in June 2016.

Maduro also branded De Grazia and Andrés Velásquez, a fellow LCR member, to be “the pranes of gold who, under the ‘Gold Plan’, must be eliminated”. LCR denounced his comments as “a death threat”. Velásquez tweeted on 7 November that there was a heavy presence of officers from the intelligence agency (Sebin) outside his home.

Attracting investors to participate in Maduro’s ‘Gold Plan’ could be a challenge, with or without the ‘reassurance’ of ELN presence. The very day before Maduro unveiled the plan, US National Security Advisor John Bolton announced an executive order imposing sanctions to “prevent US persons from engaging with actors and networks complicit in corrupt or deceptive transactions in the Venezuelan gold sector”, which he said the Maduro administration had used as “a bastion to finance illicit activities, to fill its coffers, and to support criminal groups”.

In an interview with the Miami-based Spanish-language paper *Diario Las Américas* on 1 November, three days before the Amazonas attack, the Colombian ambassador to the US, Francisco Santos, much like De Grazia, described the ELN as “a paramilitary group of the Venezuelan government...doing the dirty jobs the national guard or other pseudostate groups don’t want to do”. De Grazia argued that the attack was most likely a mix-up, or a case of mistaken identity by the GNB patrol. Speaking on 7 November the president of Venezuela’s national constituent assembly, Diosdado Cabello, refused to pin the attack on any group but insisted that “it came from Colombia” and urged the need to ignore the “provocation”. It was the Colombian government, however, which, on 7 November, sent a protest note to Caracas over a military incursion this week into its territory (the border department of Norte de Santander) by the GNB.

Los Rastrojos attack

Another attack on the GNB by a Colombian illegal armed group happened last week. At least 70 members of Los Rastrojos attacked a GNB base ‘La Mulata’ on 30 October in the state of Táchira right on the Colombian border, even taking the base commander, Sergeant Gerson Hernández Sanguino, hostage (he was released the following day). Hours beforehand the GNB had arrested two members of Los Rastrojos. Freddy Bernal, appointed ‘protector’ of Táchira state in January, has in recent months stepped up operations to combat contraband fuel smuggling, a lucrative business for Los Rastrojos.

Mesa and Revilla join forces

Following the announcement last month of his intention to run in the presidential election in October next year [[WR-18-41](#)], Bolivia's former president Carlos Mesa (2003-2005) has moved to enlist the support of another prominent opponent, Luis Revilla, the leader of the Soberanía y Libertad para Bolivia (Sol.bo) political grouping and current mayor of La Paz. This political alliance has consolidated Mesa's position as the main rival to President Evo Morales, who is seeking a further presidential term for the ruling Movimiento al Socialismo (MAS) despite concerns over his eligibility to run. Doubts persist, however, as to whether, unlike in previous recent electoral contests, the opposition will be able to present a united front.

Mesa, of the Frente Revolucionario de Izquierda (FRI), and Revilla announced their electoral alliance, to be named 'Ciudadan@s', on 30 October. Mesa underlined that while Sol.bo (which the electoral authorities [TSE] controversially refused to allow to register as a party ahead of the vote [[WR-18-39](#)]) and FRI would work together in the 2019 election, their long-term vision would span the entire 2020-2025 presidential term.

As Mesa previously indicated when announcing his bid in the first place, a key aim for the coalition is to strengthen democracy. This is an allusion to the need to respect the results of the February 2016 national referendum that rejected Morales' proposal to amend the 2009 constitution to allow him to run for the presidency once more.

Mesa also highlighted that Ciudadan@s should be considered a "launchpad" for other parties to join. Whether this offer will be taken up, however, is unclear. Another prominent Morales opponent, Rubén Costas, governor of the eastern Santa Cruz department, has already announced that the opposition Movimiento Demócrata Social (MDS) will present its own presidential candidate, and the party is due to define its strategy and possible alliances at a meeting on 11 November.

Concerns about the TSE

The TSE has been subject to concerns about its independence following its decision, announced in late 2017, to accept an appeal by the MAS and allow Morales to seek a further term in office on the grounds that the constitutional ban on re-election violated his political rights.

Furthering these concerns, on 22 October TSE president Katia Uriona resigned, citing doubts about the institutionality of the court. She said that it had "reached a stalemate" for decision-making on fundamental issues, such as the "safeguarding of institutionalism".

Uriona's resignation followed that of TSE vice president José Luis Exeni, who cited health concerns, at the start of October. It was seized upon by opposition leaders such as Mesa as evidence of an institutional crisis and indicative of pressure from the MAS, while another former president, Jorge Quiroga (2001-2002), warned that Morales' "desire" to perpetuate power is "destroying" the TSE.

With Uriona since replaced for the next two years by the body's acting spokesperson María Eugenia Choque, the changes at the top of the TSE come as it is in the process of organising Bolivia's first-ever primary elections

Paz Zamora

Carlos Mesa is not the only former president to have declared his candidacy for the presidency. Former president Jaime Paz Zamora (1989-1993) will also have a tilt at the presidency again. Paz Zamora announced his plans to run for the right-wing Partido Demócrata Cristiano (PDC) on 22 October.

Rule of Law

Featuring primary data, the WJP Rule of Law Index measures countries' rule of law performance across eight factors:

Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Enforcement, Civil Justice, and Criminal Justice.

– scheduled for 27 January – following new rules passed by the 166-member unicameral legislature which have similarly been slammed by the opposition, with leaders like Mesa complaining that they are designed to provide legitimacy to Morales' candidacy.

Rule of Law

Concerns regarding the independence of institutions like the TSE follow the release of the 2017-2018 Rule of Law Index earlier this year by the World Justice Project (WJP), an international civil society organisation, which measures rule of law adherence in 113 countries worldwide (see *sidebar*). This showed Bolivia registered a drop in overall rule of law performance.

The most recent report showed that Bolivia dropped two positions for overall rule of law performance (from 104th in the 2016 WJP Rule of Law Index) to 106th out of 113 countries in the 2017-2018 edition. Its score places it in 29th place out of 30 countries in the Latin America and Caribbean region – ahead only of Venezuela.

TRACKING TRENDS

BOLIVIA | New biofuel to improve energy security. On 1 November the Bolivian government began selling a petrol fuel mixed with a new locally produced bioethanol known as 'Súper Bioetanol 92' in the domestic market. At a public event in the eastern department of Santa Cruz, President Evo Morales said that the initiative constituted an important step in strengthening the national economy, improving energy security and sovereignty, and reducing reliance on imports used to process fuel.

According to Morales the introduction of Súper Bioetanol 92, which is produced with sugarcane ethanol, will help to reduce the import of petrol fuel additives by 13% next year and by 20% by 2025. He also noted that the initiative will create 27,000 direct and indirect jobs, and that the industry could represent as much as 0.04% of GDP in six years' time. The new biofuel will cost US\$0.63 per litre, with 55m litres set to be produced each month until the end of the year. Producers are also working on biodiesel and a high-octane biofuel known as 'Súper Bioetanol 97'.

ECUADOR | Moreno continues austerity drive. Ecuador's economy & finance ministry presented the draft 2019 budget to the national assembly last week. The US\$31.32bn budget is 2.8% smaller than the previous year. The austere budget is part of an ongoing attempt by the administration led by President Lenin Moreno to cut government spending. However, the statement says that the government is committed to paying its contribution of US\$1.24bn to a pension scheme run by the Instituto Ecuatoriano de Seguridad Social (IESS), as well as an additional US\$278m in compensation payments to Amazonian regions of the country affected by the oil industry.

The budget was predicated on an average oil price of US\$58.29 per barrel, GDP growth of 1.43% in 2019, and a year-end inflation rate of 1.07%. The plan contemplates reducing the fiscal deficit to US\$3.66bn, or 3.2% of GDP, through a 14% reduction in spending on goods and services. This is based on forecast revenues of US\$22.36bn. Economy & Finance Minister Richard Martínez also revealed that the fiscal deficit fell by 57% from January-September 2018 compared with the same period last year. Martínez hailed the news as a big achievement in the government's commitment to "balanced management of public finances".

Moreno has previously claimed that he inherited a "broken country" from his predecessor Rafael Correa (2007-2017), and has introduced a series of economic measures designed to optimise resources and improve liquidity. One of these measures, introduced in August, was the ending of government subsidies on high-octane 'súper' petrol fuels, which is expected to produce savings of US\$100m a year. The move has seen consumption of super petrol fuels reduced by 245,574 gallons in August compared with the same period last year.

Bolsonaro's 'supercabinet' takes shape

As the presidential transition process gets underway, President-elect Jair Bolsonaro has begun to reveal the names of some of his cabinet appointees. One of his campaign promises was to fill his cabinet with technically competent ministers rather than hand out ministerial appointments as favours. While some of Bolsonaro's choices seem to follow this line, others appear to have been picked according to his recently-voiced belief that "God trains those who have been chosen".

The first names confirmed by Bolsonaro came as no surprise, as they had already been hinted at during his presidential campaign. Onyx Lorenzoni, a federal deputy for the Democratas (Dem) party who was re-elected for the fifth time this year, will occupy the strategic position of chief-of-staff. He was also confirmed this week as special minister at the head of the government transition team. Lorenzoni and Bolsonaro have been allies in congress for over a decade.

Lorenzoni defied his party's positioning to work on the campaign of Bolsonaro and his Partido Social Liberal (PSL) in this year's election (the Dem gave its support to the defeated centre-right candidate Geraldo Alckmin). Critics note that the position of chief-of-staff will be a significant step up from his previous roles, and that he might prove to be lacking in expertise. Another Dem deputy, Tereza Cristina da Costa Dias, has been appointed minister for agriculture. Her appointment is significant as she leads the powerful agribusiness caucus in congress, whose support Bolsonaro is expected to seek once he takes office.

Two of Bolsonaro's six confirmed appointments reflect the president-elect's admiration of the armed forces and his intention to surround himself with military men [WR-18-42]. Augusto Heleno Ribeiro Pereira, a long-time close supporter and retired army general, who was the first military commander of the United Nations stabilisation mission (Minustah) in Haiti (2004-2005), will be head of the presidential institutional security cabinet (GSI). Marcos Pontes, an air force lieutenant-colonel known for being the first and only Brazilian astronaut to have gone into space, has been designated as science & technology minister.

Along with ministerial appointments, Bolsonaro's team is progressively revealing the reshuffling of government ministries as part of its plan to reduce the size of the state. This has led to the creation of some so-called 'superministries', grouping several existing departments under the same structure. One of these will be a superministry of the economy, merging the existing finance, planning, and development, industry & foreign trade ministries. As announced during the campaign, Paulo Guedes will occupy the post of minister for the economy. While some believe that he lacks the finesse and resilience needed in politics, Guedes' appointment is well-regarded by business and financial sectors as he is expected to pursue a liberal agenda and push through with reforms deemed necessary to combat the large fiscal deficit.

A more controversial appointment has been that of federal judge Sérgio Moro at the head of a superministry that will include the justice and public security ministries, as well as departments such as the comptroller-general's office (CGU), which is currently part of the transparency ministry. Moro, an important figure in the 'Car Wash' corruption probe that sent former president Lula

Transition team

Jair Bolsonaro's government transition team was announced on 5 November. The first 27 names (all men) include economists, businessmen, current public servants and members of Bolsonaro's inner circle. More appointments are expected, and will include female members of the security forces. Ten working groups have been formed, giving an indication of the future shape of government. They focus on regional development; science, technology, innovation & communication; state modernisation; economy & foreign trade; education, culture & sport; justice, security & the fight against corruption; defence; infrastructure; sustainable production, agriculture & the environment; and health & welfare.

Moro defends himself

Federal judge Sérgio Moro has defended his decision to accept the position of justice minister in Jair Bolsonaro's government amidst criticism that it looks like he is being thanked for paving the way for Bolsonaro's election by condemning Lula da Silva to prison. Moro, who wants to push a legislative agenda strong on anti-corruption and fighting organised crime, said that he sees the role of justice minister as a technical position rather than a political one and that he does not ever intend to stand for elected office.

da Silva (2003-2011) to prison, is admired by many Brazilians for being an icon in the fight against corruption. However, his decision to accept a position in Bolsonaro's cabinet is seen by some as going against the judiciary's political neutrality, and is now being used by Lula's defence in a habeas corpus request as proof of Moro's political bias throughout the Car Wash proceedings.

Bolsonaro has promised complete freedom to his so-called 'superministers', experts in their respective fields. But there are already doubts as to whether this freedom will prevail when ministerial decisions come up against presidential opinions. Bolsonaro contradicted Guedes several times during the campaign, and points of discord have already arisen with Moro, such as Bolsonaro's plan to classify actions by certain social movements as terrorism. Bolsonaro has said that he and Moro will have to reach a compromise on subjects upon which they disagree, while Moro appeared to have already realigned some of his positions with the president-elect's in statements made at a press conference this week.

Bolsonaro has said in interviews that he has almost decided upon names for the ministries of foreign affairs, the environment, and infrastructure, but that they shall all be announced in due course, at the latest by mid-December. Gustavo Bebianno, who was interim president of the PSL during the presidential campaign, is tipped to join the cabinet in some capacity, as is Magno Malta, an evangelical pastor and federal senator for the Partido da República (PR) who failed in his bid for re-election. More military appointments are also expected. Bolsonaro has yet to reveal exactly which ministries will be maintained, although he has said the labour ministry will not be, and he has already backtracked on his decision to merge the agriculture and environment ministries after it attracted criticism from the two incumbent ministers as well as the agribusiness sector.

BRAZIL | POLITICS

Bolsonaro signals U-turn on foreign policy

Brazil's president-elect Jair Bolsonaro is often dubbed the 'Trump of the tropics', a sometimes facile and inaccurate comparison with US President Donald Trump. There is one area, however, in which Bolsonaro is emulating the US leader he openly admires, and that is in the path he is laying out for Brazil's future foreign policy.

Similarities between President Trump and Bolsonaro appear in the latter's promise to return Brazil to greatness, his ambivalent position on China, and his recently announced decision to move Brazil's embassy in Israel to Jerusalem. Personal and ideological convergences between the two leaders could signal a change in US-Brazilian relations, which have in the past been politely distant and even frosty. Trump was one of the first international heads of state to congratulate Bolsonaro on his victory, both by phone and on *Twitter*. In contrast, European leaders, including German Chancellor Angela Merkel and French President Emmanuel Macron, were more guarded in their impersonal messages of congratulations.

Bolsonaro has promised to implement a radical change to Brazil's foreign policy and put an end to ideologically motivated diplomatic relations, instead pursuing bilateral ties that would benefit the economy. The foreign policy announcements he has made thus far signal a volte face on the positions adopted under former president Lula da Silva (2003-2010), who advocated a deepening of South-South relations and brought Brazil closer to its neighbours in the Southern Common Market (Mercosur) and to the so-called BRICS group of emerging economies.

Mercosur

Argentina, Paraguay, and Uruguay are worried by Jair Bolsonaro and his economic team's lack of interest in the Mercosur trade bloc, which is "not a priority" for the incoming Brazilian government. While the word 'Brazexit' has already been bandied about, the president of Mercosur's parliament noted last week that a strong Mercosur would benefit Brazil, especially as the trade bloc appears to be on the brink of finally signing a trade accord with the European Union (EU).

Bolsonaro is a fierce critic of Lula and his left-wing Partido dos Trabalhadores (PT) which he accuses of having prioritised ties with other left-leaning countries to the detriment of Brazil's development. But there are growing concerns that Bolsonaro's foreign policy, while claiming to be pragmatic, might actually be harmful to both Brazil's economy and its reputation abroad.

The controversial decision to move the Brazilian embassy from Tel Aviv to Jerusalem, announced last week, has already had repercussions. The Organisation of Islamic Cooperation (OIC), made up of 57 states, condemned the decision as flouting international law and has asked Bolsonaro to reverse it. More pointedly, Egypt postponed the planned visit of the current Brazilian foreign minister, Aloysio Nunes Ferreira, in a move widely understood to be signalling its displeasure with Bolsonaro's announcement, although Egypt's foreign ministry cited agenda problems.

There are fears that Arab countries sympathetic to the Palestinian Authority might retaliate further by turning to other trade partners for the purchase of halal chicken and beef, which would have a negative impact on Brazilian exports. Brazilian trade with the 22 countries of the Arab League recorded a US\$7bn surplus last year (the highest ever), and exports have totalled US\$5.2bn in the first six months of 2018, according to the Arab-Brazilian Chamber of Commerce. As the national daily *Folha de São Paulo* noted this week, while the US can get away with the kind of provocation that the embassy move represents, in the case of Brazil, "there is havoc to be wreaked".

Bolsonaro has also upset China, saying in the past that it is trying to buy up Brazil. The day after his victory, an editorial published in the English-language *China Daily* warned Brazil that adopting Trump-like policies could be costly to the country. Brazilian diplomats past and present have warned against the serious economic consequences that upsetting China, Brazil's largest trade partner and an important source of foreign investment, could have for the country. Bolsonaro has since met with the Chinese ambassador to Brazil and indicated that he is not opposed to expanding bilateral trade.

Despite Bolsonaro's repeated assurances that he will free the foreign ministry from ideological bindings, he is proving to be open to furthering relations with countries whose leaders are more aligned with his own politics. As well as the US and Israel, he is already building bridges with President Sebastián Piñera of the right-of-centre Chile Vamos coalition in Chile, which will be the destination of his first international trip, and Italy, where he appears to have found a friend in the neo-nationalist deputy prime minister Matteo Salvini. Bolsonaro also recently questioned the need for a Brazilian embassy in Cuba, a position which former Brazilian ambassador to the US Rubens Ricupero described as harking back to the Cold War.

ARGENTINA | POLITICS & ECONOMY

Macri seeks wiggle room

In what was looking like a relatively good week for Mauricio Macri, the Argentine president was pushing back on three fronts: trying to head off another general strike; sealing a deal which should get the 2019 budget approved in the federal senate; and seeking to influence a key supreme court ruling on pensions.

For most of this year President Macri has been stuck in an unenviable political position: forced by an unrelenting economic crisis to push through unpopular austerity measures that may kill his chances of re-election in 2019. Yet, as journalist José del Río of the national daily *La Nación* has pointed out, Macri has confounded expectations. It was thought he would prove to be better at economics than at politics, but for much of this year it has been the other way round.

World Bank loans

On 1 November the executive board of the World Bank (WB) approved loans worth US\$950m for Argentina, designed to combat economic difficulties and boost social protections for the nation's most vulnerable citizens. An initial loan of US\$500m will be used to cover part of Argentina's 2019 budget, and another US\$450m will finance a project designed to reach 250,000 children who are not part of existing family subsidy programmes. Argentina's finance minister, Nicolás Dujovne, said that the new loans were a "clear sign of trust" at a crucial juncture for the country. Meanwhile, Jorge Familiar, vice president for Latin America and the Caribbean at the WB, underlined the institution's "strong support" for Argentina.

One of Macri's challenges is to try and head off the threat of another general strike before the end of the year. A meeting between some labour leaders, government ministers, and employers on 6 November seems to have gone part of the way towards a package deal capable of doing that (although it could still unravel).

The two key elements are the promise of an end of year off-the-payroll bonus totalling Ar\$5,000 (US\$140), possibly payable in two instalments (just before and just after the holiday break). A second concession is that there should be a new "administrative step" before private companies lay off workers: the idea is that before any dismissal notices can be issued there should be formal tripartite consultations in which the parties will look at alternatives to redundancy. Fear of a wave of lay-offs appears to be well grounded: the latest data show industrial output plummeted by 11.5% on year-earlier levels in September.

Discussions on the package were at an early stage and there were a number of potential sticking points – for example it was not clear whether the bonus would be payable on top of wage settlements to take account of inflation (currently running at around 40% per annum) or if, less generously, it would be counted as one of the elements contributing towards already-agreed cost of living adjustments.

While the aim was to make the bonus obligatory across the private sector, some recession-hit companies were saying they would not be able to afford it. Hugo Yasky, the secretary general of one of the two factions of Argentina's second-largest trade union movement, Central de Trabajadores de la Argentina (CTA), who was not at the meeting, was quick to call the bonus "a package of smoke...it doesn't exist". Yasky, who is also a federal deputy for the Frente para la Victoria (FPV, Kirchneristas) faction of the main opposition Partido Justicialista (PJ, Peronists), described his rivals in the country's largest union movement, Confederación General del Trabajo (CGT), who did attend the meeting, as "a doormat for the government".

Budget progress

Meanwhile, the government has made progress on the 2019 budget bill. The budget is important because it embodies all the unpopular, but in government eyes, necessary, spending cuts and tax increases required under the Stand-By Arrangement (SBA) with the International Monetary Fund (IMF). Despite broadsides from the Left, Macri is poised to repeat in the senate the same alliance with moderate Peronists that has already got the bill through the lower chamber of congress.

A senate commission has now voted in favour of the budget bill, which is likely to be put to a full vote in the upper chamber on 14 November. The moderate Peronists, opposed to the more radical wing of the party led by former president Cristina Fernández (2007-2015), seem to have promised to deliver the votes Macri needs. One of them, Juan Carlos Romero of the northern province of Salta, was blunt: "The budget is necessary and possible. It doesn't give anything away because the country has no money," he said. In a swipe at the Fernández presidency, Romero added, "They left the country in ruins in 2015."

According to government calculations it should be able to achieve a minimum of 40 votes in the 72-seat senate. Of these, 25 would come from the ruling centre-right Cambiemos coalition, around 10 would come from the moderate Peronists, and a further five are expected to come from various provincial parties.

Supreme court meeting

Also on 6 November Macri had lunch with the chief justice of the supreme court, Carlos Rosenkratz, and his deputy, Elena Highton de Nolasco. Officially, the meeting was no more than protocol, to welcome the new lead-

G20 summit

In what may become a familiar theme in the weeks ahead, President Macri argued that the G20 summit in Buenos Aires in late November will show that Argentina has changed and is now more open to the rest of the world. He also reiterated his support for budget discipline and his opposition to clientilism, wasteful spending, and corruption.

ership of the supreme court, installed in October. However, some press sources suggested that Macri may have discreetly used the opportunity to put the government's case over pensions.

Before the end of the year the supreme court must rule on a complex set of cases involving the correct level of state pension payments. At issue is whether pensions should be adjusted for inflation by using RIPTE (the index of average taxable earnings received by workers in stable employment) or by ISBIC (the index of basic salaries in industry and construction).

There are varying results according to which of these indices is used over which timeframe, but from the government's point of view RIPTE is preferable, as it produces pension pay-outs equivalent on average to 53% of former salaries, while if ISBIC is applied, that proportion goes up to 56%. The difference may appear small, but it makes a major difference in cash terms to calculations of the size of the fiscal deficit, the key indicator under the IMF agreement.

Macri "ready" for 2019

It has always been assumed that Macri wants to seek re-election in 2019, although this year's financial crisis and recession may have been a setback to his chances. In an interview with a Catamarca radio station this week Macri stopped short of a formal declaration of intent, but he did pronounce himself "ready to continue if Argentines believe this course of making changes is worth it". He went on to argue that Argentina "cannot turn back" and that the country could not be built on what he described as "magic, lies, and demagoguery" (*see sidebar*).

TRACKING TRENDS

PARAGUAY | Taiwan completes donation. The Taiwanese ambassador to Paraguay, Diego Lin Chou, delivered a US\$3.9m cheque from Taiwan to the Paraguayan government on 1 November. The money makes up part of the last tranche of a total of US\$71m in aid destined for the construction of 4,500 social houses, that was first announced back in 2013.

At an event attended by Paraguay's President Mario Abdo Benítez, Ambassador Lin Chou revealed that Taiwan will make another donation of US\$10m to the programme known as 'Che Tapyi'. More than 1,000 of the 3,770 houses built to date have been given to indigenous communities around Paraguay.

The new donations come shortly after Abdo Benítez conducted an official visit to Taiwan in early October to strengthen bilateral ties after Taiwan's President Tsai Ing-wen attended his inauguration ceremony back in August. Paraguay is the last remaining country in South America that recognises Taiwan as an independent nation, with the rest of Paraguay's neighbours choosing to maintain diplomatic relations with mainland China, and it is thought that it is high on the list of Beijing's targets in Latin America and the Caribbean after El Salvador and the Dominican Republic recently switched allegiance.

CHILE | Belt and Road Initiative gains another member. On 2 November Chile's foreign minister, Roberto Ampuero, signed a new memorandum of understanding enlisting the country in China's 'One Belt, One Road' global economic development strategy. This ambitious soft diplomacy initiative is an attempt by China to develop deeper trade and economic ties with countries around the world in a bid to spread its influence, while promoting global economic development.

Ampuero, who is currently on an official visit in China, said that the deal provides a new element to an integral bilateral relationship between Chile and China, although no details on the deal were provided. China is Chile's largest trade partner and the two countries share an interest in maintaining multilateralism and free markets, according to Ampuero. Trade between the two nations is worth US\$35bn, or just over 26% of Chile's total external trade, and the Chilean capital of Santiago will host the Asia-Pacific Economic Cooperation (Apec) conference next year.

PRD in financial distress

In addition to the political travails faced by the PRD, the party's leadership also has to tackle the financial crisis engulfing the party. This stems from the M\$125m (US\$6.29m) fine that the national electoral institute (INE) has levied against the party for violating electoral rules; the loss of expected income after the poor election showing in which it won just 5% of the national vote, which means that it will receive less state funding; and various lawsuits filed against the party. The PRD's financial situation is so dire that the party leadership has declared the party bankrupt and terminated the contracts of its 60 permanent staff.

Traditional parties embrace reinvention process

Mexico's traditional parties, decisively punished by the electorate in July's general election, are preparing for life as a minority opposition. The ruling Partido Revolucionario Institucional (PRI), the right-wing opposition Partido Acción Nacional (PAN), and the left-wing Partido de la Revolución Democrática (PRD) not only missed out on the presidency but also won fewer seats between them in the federal congress than the populist leftist Movimiento Regeneración Nacional (Morena) of President-elect Andrés Manuel López Obrador. The chastening defeat led to the resignation of the presidents of the three main parties and the start of a process of political renewal as they try to reinvent themselves. The PAN will hold its internal party election this week.

The PAN has been without a president since Damián Zepeda resigned the post in July in the wake of the party's poor electoral showing. Since then the PAN's party factions have been holding a very public argument over what went wrong and what future direction to take. The PAN is essentially split into two camps: those aligned with the defeated PAN presidential candidate, Ricardo Anaya, who represents the party's more moderate, and generally younger, faction; and Anaya's detractors, who represent the party's more conservative faction and are more representative of the party's old guard.

The PAN will hold its leadership election on 11 November. While three candidates initially registered to compete for the PAN presidency (including the party's current interim leader, Marcelo Torres Cofiño), there are currently only two in the running: Marko Cortés and Manuel Gómez Morin Martínez del Río. Cortés, the PAN's former bench leader in the federal chamber of deputies, is considered to be an ally of Anaya and to have the support of the party's current leadership including the majority of the PAN state governors. Gómez Morin is the grandson of the late PAN founding member, and former party president, Manuel Gómez Morin. He is thus seen as representing the party's old guard and is being supported by many of the party's grassroots, disappointed with the current party leadership.

Gómez Morin and Cortés staged a single public debate on 24 October. The 50-minute event was an ill-tempered affair in which the two men exchanged pointed attacks. Gómez Morin was the more scathing of the two, accusing Cortés of representing a discredited and corrupt party leadership that has hijacked the PAN and betrayed its founding principles. In particular, Gómez Morin said that in recent years the PAN has strayed from its social and political conservatism to move more towards the Left, which he said became clear following the forging of the Por México al Frente electoral alliance with the PRD and the leftist opposition Movimiento Ciudadano (MC) ahead of July's election. He also accused the party of having embraced the sort of corrupt practices for which the PRI had become famous (*see page 11 sidebar*).

Cortés responded by questioning Gómez Morin's political activism, claiming that his opponent has had an ineffectual political career and failed to make his mark when he served as federal deputy during the PAN administration led by Vicente Fox (2000-2006). Cortés also accused Gómez Morin of betraying the party in July's election after he publicly supported the candidacy of independent presidential candidate Margarita Zavala, a former PAN member (and wife of former president Felipe Calderón [2006-2012]) who left the party after failing to secure the presidential nomination. Only following Zavala's withdrawal from the race did Gómez Morin offer his backing to Anaya.

PRI corruption

As the outgoing PRI government led by President Enrique Peña Nieto prepares to leave office, the majority Morena bench in the new federal legislature is already putting it to task over corruption. During her first appearance before the new federal congress on 24 October the head of the Secretaría de la Función Pública (SFP) federal oversight body, Arely Gómez, faced a barrage of uncomfortable questions about the state of the SFP investigations into corruption cases implicating PRI officials. These questions ranged from the probe into whether Peña Nieto government officials received bribes from Brazilian engineering firm Odebrecht to the mismanagement of public funds allegations levelled against the outgoing social development minister, Rosario Robles.

Both Cortés and Gómez Morin acknowledged that the PAN has committed a number of mistakes in recent years that have alienated its electoral support base. In particular, both said that the decision to forge an electoral alliance with the PRD had been a major mistake that had cost the PAN dearly. They also agreed that going forward the PAN, the largest opposition party in the newly elected legislature, should provide a strong opposition to the incoming Morena government. Whoever PAN affiliates elect will be party president for the next three years.

PRD still in disarray

While the PAN appears to be well on its way to renewing its party leadership, the situation in the PRD is uncertain. The PRD was arguably the biggest loser of July's election as it was emphatically displaced by Morena as Mexico's leading leftist political force. With further PRD politicians defecting to Morena following the election, the party is still struggling to reorganise. This was evidenced by the fact that the party president, Manuel Granados, resigned on 22 October. Granados only became PRD president last year after the elected leader, Alejandra Barrales, stepped down to seek a senate seat. But Granados was forced to resign on 11 October after the federal electoral tribunal (TEPFJ) ordered the PRD to call a new internal election process, in line with a formal request filed by PRD party members.

This is the second time that the TEPFJ has asked the PRD to call an internal election process after Barrales stepped down and the PRD executive council (CEN) selected Granados. However, Granados' appointment has been challenged by some within the party who argue that the party leadership did not follow party guidelines in electing the new leader without calling a party congress. The TEPFJ gave the PRD leadership 60 days to organise an internal election according to its own statutes to elect a new leader. This task has now fallen on Ángel Ávila Romero, who has been appointed as interim leader by the CEN.

Ávila has called for a party congress to be staged on 17 and 18 November in which it is expected that a new leadership will be elected. Much like with the PAN, this contest will be marked by deep divisions between the incumbent moderate party leadership that backed the Por México al Frente alliance and the more radical dissident factions, which maintain that it was a big mistake and that the party must now return to its political roots in order to become a competitive force.

TRACKING TRENDS

MEXICO | Trade balance. Mexico's exports totalled US\$37.8bn in September, a 12% year-on-year increase, according to the national statistics institute (Inegi). The increase in exports was the result of a 10% year-on-year increase in non-oil exports to US\$35.31bn and a 43.8% year-on-year increase in oil exports to US\$2.75bn.

Mexico's imports reached US\$37.99bn in September, a 6.4% year-on-year increase, helping to reduce the country's trade deficit. According to the Inegi data, Mexico posted a trade deficit of US\$194m in September compared with the US\$1.93bn posted in September 2017. Mexico's accumulated trade deficit for the first nine months of the year stands at US\$10.22bn.

The increase in oil exports reported by Inegi comes after Mexico's President-elect Andrés Manuel López Obrador recently announced that, after he assumes office on 1 December, his new administration will seek to end all crude oil exports as part of its plans to preserve Mexico's fossil-fuel resources by reducing oil extraction, promoting refined petrol fuel self-sufficiency, and developing alternative energy sources. However, López Obrador's announcement produced concerns that the move could put undue strain on Mexico's finances by eliminating one of its main sources of revenue.

Death squad scandal rears head again

The government led by President Jimmy Morales bowed to the inevitable and dismissed the deputy interior minister, Kamilo Rivera, on 2 November. Rivera had already bolted. He went on the run days earlier, hastily resigning his position, after the attorney general's office and the International Commission against Impunity in Guatemala (Cicig) accused him of involvement in a death squad that carried out extrajudicial executions in Guatemala over a decade ago. The whole episode further damages the credibility of Morales, who appointed Rivera 10 months ago directly after taking exception to the turn Cicig's investigations were taking.

The attorney general's office claimed on 29 October to have uncovered compelling new evidence that the interior ministry and national police force (PNC) ran an illegal and clandestine security apparatus (Ciacs, in the Spanish acronym) dedicated to extrajudicial executions between 2004 and 2007. In a case it is conducting along with Cicig, the attorney general's office accused Rivera and four top former interior ministry and PNC officials of involvement in a criminal network within the state, including the interior minister at the time, Carlos Viemann, and the then-head of the PNC, Erwin Sperisen.

The case relates to the escape on 22 October 2005 of 19 inmates from the maximum-security prison 'El Infiernito' in the south-central department of Escuintla. The attorney general's office and Cicig allege that the resulting security operation 'Plan Gavilán' was just "a legal front for what later became extrajudicial executions organised by the interior ministry and the PNC". In what they described as "serious violations of due process and human rights", the escaped prisoners were allegedly taken to remote places and shot, with a crime scene created to give the impression that they had resisted recapture, and the media invited to report in order to give "an appearance of legality".

Rivera allegedly belonged to a group of agents (one of two within the Ciacs) led by Víctor Rivera, known as 'Zacarías', a Venezuelan investigator who became an adviser to the PNC before being murdered in 2008. The decision by President Morales to appoint Kamilo Rivera as his deputy interior minister in January this year, immediately after embarking on a course of denigration of Cicig, raises serious questions, just as the decision to dismiss him on 2 November looks like an empty gesture designed to try and save face.

Rivera had already tendered his resignation on 29 October in a letter to Morales citing "reasons beyond [his] control" and "medical recommendations". After being accused of having been involved in extrajudicial executions, Rivera left his house at 4am, two hours before it was raided, strongly suggesting he was tipped off. The attorney general's office expressed "surprise" that Rivera's PNC security detail had no idea where he was.

Deputies push for gag law

Given the serious allegations of nefarious activity implicating a top government official, now a fugitive from justice, it was perhaps not the most appropriate time for deputies in the legislative assembly to table a bill that would extend draconian prison sentences of up to five years for anyone found guilty of slandering or defaming politicians. But that is precisely what five deputies did on 30 October. Estuardo Galdámez of the ruling Frente de Convergencia Nacional (FCN-Nación) presented the bill

Vielmann

Former interior minister Carlos Viemann has been arrested along with two senior former PNC officials, Stú Velasco and Víctor Ruíz. Viemann, who also has Spanish nationality, was tried and absolved of creating the Ciacs in Spain in March last year. But Cicig and the attorney general's office claim to have significant new evidence against him.

Gini coefficient

At the same time as signalling an increase in poverty, the Inec report did show, however, that the Gini coefficient in Costa Rica (a technical measure of inequality, where 0 represents perfect equality and 100 perfect inequality) was unchanging, at 0.514 in 2018 and 2017.

with allied deputies: the third vice president of congress, Dolores Beltrán, of Movimiento Reformador (previously Podemos), and three deputies from Alianza Ciudadana.

The proposed bill would also reform the penal code to impose prison sentences of two to three years for those found guilty of pressuring or persecuting anyone standing for election, or interfering in their duties thereafter, and would even target social media. The five deputies presenting it denied that it displayed an intolerance of criticism. Jordán Rodas, the human rights prosecutor, suggested that the deputies should work on improving their image (the legislative assembly is one of Guatemala's most discredited and unpopular institutions) rather than being "so thin-skinned".

The Asociación de Periodistas de Guatemala reacted by criticising the "chicanery" of the deputies, adding that it demonstrated just how "ignorant" they were as the proposed bill would violate international human rights accords to which the country is a signatory. It claimed that the deputies were merely trying to shield themselves from criticism and investigations by the press into their illicit actions.

The national daily *Prensa Libre* denounced the bill in an editorial published on 5 November, arguing that "it would only occur to brains addled by the continued abuse of power to limit the rights of citizens to criticise politicians". It also contended that similar initiatives had been tabled in the past but only in the context of governments embroiled in rampant corruption or dictatorial regimes, such as the administrations of Efraín Ríos Montt (1982-1983) and Jorge Serrano Elías (1991-1993).

Various opposition deputies criticised the bill as unconstitutional and anti-democratic, suggesting that it could struggle for traction in congress. But even if it were to pass the reform could be struck down. In 2006 the constitutional court declared articles in the penal code punishing disrespect to be unconstitutional for conspiring against freedom of expression.

COSTA RICA | ECONOMY

Alvarado faces poverty pressure

With the fiscal reform approved by the 57-member unicameral legislature [WR-18-40] still under consultation and awaiting promulgation, President Carlos Alvarado is facing renewed pressure to address inequality in the country. The national statistics institute (Inec) has released new figures which indicate that, after recent years of progress, poverty is now on the rise – affecting 21.1% of households in Costa Rica, up 1.1 percentage points compared with 2017.

According to Inec's survey, released on 18 October, a total of 328,848 households are currently considered poor, of which 99,034 qualify as being in extreme poverty, which means that their income is not enough to cover basic food necessities. Extreme poverty affects 6.3% of families in the country, an increase of 0.6 percentage points on 2017. According to the survey, homes with monthly income per capita of ₡110,047 (US\$179) in urban areas in Costa Rica and ₡84,535 (US\$137) in rural areas are considered poor. As regards those living in extreme poverty, this drops to ₡49,999 in urban areas and ₡41,483 in rural areas.

The day after Inec presented its findings, President Alvarado, whose centre-left Partido Acción Ciudadana (PAC) government took office in May 2018, unveiled a new strategy to address poverty. Alvarado had notably headed up the human development & social well-being ministry (2014-2016) under

Panama growth slowing

Panama's economy grew by 3.7% in the first half of 2017 driven by fishing, transport, retail, and financial intermediation, the national statistics institute (Inec) revealed on 7 November. Several Latin American countries would be thrilled with this GDP growth rate but it marks a slowdown from the first half of 2017 when the economy expanded by 5.8%. The fishing sector grew by 15.2% year-on-year, followed by transport (7.3%), retail (3.9%), and financial intermediation (3.9%).

the previous PAC government led by President Luis Guillermo Solís (2014-2018) where he oversaw one of the key national poverty alleviation strategies – ‘Puente al Desarrollo’ (‘Bridge to Development’) – which had been credited with reducing poverty.

Launched in 2015, Puente al Desarrollo combined various existing social welfare programmes into a single system. The Inec survey released in October 2017 had shown that the national poverty rate was 20% in July 2017, down from 22.4% in 2014 when the Solís government took office, while the extreme poverty rate was 5.7% in 2017, down from 6.7% in 2014.

Announcing his new “comprehensive strategy for human security” – which seeks both to address poverty and reduce crime – Alvarado said that the state would work together with civil-society groups, communities and the private sector in areas with the highest poverty and crime rates although he has yet to provide further details. He also expressed hopes that the strategy would build on achievements registered by the Puente al Desarrollo programme since 2015, which exceeded its goal of reaching more than 55,000 families, or 200,000 people, by 2017. The new goal is to reach 135,000 families, which represents 500,000 people.

Fiscal deficit

In response to the latest Inec figures, the human development & social well-being minister, María Fullmen Salazar, said the need to combat poverty was “urgent”. She added that the results of the survey indicate that inequality persists; is directly affecting those who live in poverty; and reiterated calls for the government’s tax reform proposal to be approved in its entirety. The government’s proposal would replace the current 13% sales tax with a 13% value-added tax (VAT) and increase the number of products and services to be taxed, among other things.

Also cited by the government as evidence of the need to approve the fiscal reform, which is currently before the courts, on 22 October Costa Rica’s finance ministry released figures which show the country’s fiscal deficit reached 4.5% of GDP at the end of the third quarter. This compares with 4% at the end of the third quarter in 2017. The fiscal deficit closed at 6.2% of GDP in 2017.

Foreign Minister Rocío Aguilar called for the mandatory consultation process for the fiscal reform to be expedited “to prevent the country from slipping into a crisis from which it would take many years to recover”. Meanwhile, the president of Costa Rica’s central bank Rodrigo Cubero warned that debt would become “unsustainable” without the fiscal reform, calling for a swift consultation and promulgation.

REGION | DIPLOMACY

Presidential missions to court Chinese

The presidents of China’s oldest and newest diplomatic allies in Latin America visited the Asian giant in recent days, culminating in their attendance at the six-day China International Import Expo (CIIE) in Shanghai, which opened on 5 November. President Miguel Díaz-Canel of Cuba, which forged diplomatic ties with China in 1960, and Presidents Juan Carlos Varela, Danilo Medina, and Salvador Sánchez Cerén, of Panama, the Dominican Republic, and El Salvador respectively, all of which switched allegiance from Taiwan within the last 17 months, sought to expand trade with China and attract Chinese investment during their visits.

El Salvador

President Sánchez Cerén was the first to arrive in China for what marked the first official visit to the country by a head of state from El Salvador, which only established bilateral diplomatic relations on 21 August. He met China’s

Havana

international trade fair

Days before the international trade fair in Shanghai, Havana hosted its own trade fair. Presidents Sánchez Cerén and Varela visited Cuba before flying to China. Sánchez Cerén signed a series of economic and trade cooperation accords with his Cuban counterpart Díaz-Canel. Varela attended the Havana trade fair, which took place shortly after the Panamanian authorities launched a tourism card allowing Cubans to visit Panama for 30 days in an attempt to promote economic tourism.

President Xi Jinping in Beijing on 1 November, signing 16 memorandums of understanding and cooperation accords.

Sánchez Cerén also attended the first day of the CIIE where El Salvador's trade stand was made up of representatives of 20 companies, including coffee, textiles, and sugar sectors. No sooner had Sánchez Cerén returned to El Salvador on 7 November than the first fruits of his labour in China reached the country: a shipment containing a donation of 3,000 tonnes of rice.

Dominican Republic

President Medina followed fast on Sánchez Cerén's heels to carry out the first official visit to China by a Dominican head of state, the two countries having forged diplomatic relations on 1 May. Medina, who met Xi in Beijing on 2 November, signed 19 memorandums of understanding and cooperation agreements in different areas, including China's ambitious 'One Belt, One Road' global infrastructure development initiative, and with China's Exim Bank, which agreed to provide a US\$600m loan to improve the power distribution system in the Dominican Republic.

Medina opened an embassy in Beijing on 3 November alongside his foreign minister Miguel Vargas Maldonado and his Chinese peer Wang Yi. Vargas said the embassy marked "a very relevant chapter in the international relations of the Dominican Republic".

Opening this chapter caused some diplomatic tensions closer to home. Just five days earlier, Vargas had met US ambassador Robin Bernstein. Vargas confidently asserted that bilateral relations were "strengthening every day", but in early September the US government had recalled its envoys to the Dominican Republic, El Salvador, and Panama in the wake of the recent decisions by these countries to ditch Taiwan for China.

Medina curtailed his visit to China due to illness but he attended the CIIE, where the Dominican pavilion included agricultural products, such as tropical fruit and cacao, as well as cigars, and rum, which Xi sampled when dropping in. Medina appealed to Xi to help improve the balance of trade. Two-way trade in 2017 reached US\$1.87bn, but less than 10% of this comprised Dominican exports, and these could fall in 2018 as China is no longer importing scrap metal from the country. While inaugurating the CIIE, Xi maintained that China was committed to lowering tariffs, increasing imports, and improving market access for foreign companies.

Panama

President Varela, who also signed 19 bilateral trade accords in China, visited Panama's pavilion in Shanghai on 7 November, also opening an agro-commercial office in the city. This is only the second such office to be opened outside of Panama. The Panamanian government hopes that it will help boost exports to China given the country's yawning trade deficit. Panama imported US\$1.34bn of goods and services from China in 2017, exporting goods worth just US\$42.6m.

Cuba

President Miguel Díaz-Canel also visited the CIIE in Shanghai after flying in from Pyongyang where he met North Korean leader Kim Jong-un (and before that Moscow where he met President Vladimir Putin and discussed a loan of some US\$50m for Cuba to buy Russian arms). Rum and cigars were complemented by biotechnological and pharmaceutical products in the Cuban pavilion, where 34 state companies from the agriculture, science, technology, IT, medical, and biotechnology sectors were represented.

POSTSCRIPT

Quotes of the week

“In Venezuela and Nicaragua, desperate autocratic leaders, hell-bent on maintaining their grip on power, have joined their Cuban counterparts in the same oppressive behaviour of unjust imprisonment, torture, and murder. This Troika of Tyranny, this triangle of terror stretching from Havana to Caracas to Managua, is the cause of immense human suffering, the impetus of enormous regional instability, and the genesis of a sordid cradle of communism in the Western Hemisphere.”

US National Security Advisor John Bolton.

“Hopefully the president of the US will one day see reality and how repeating the same failed policies of the past, policies against Cuba, Venezuela, and Nicaragua, leads us into a blind alley.”

Venezuela's President Nicolás Maduro.

“On topographic maps there are three norths – grid, true, and magnetic – but in democracy there is only one north – the constitution.”

Brazil's president-elect Jair Bolsonaro.

Correa ordered to stand trial in Ecuador

Ecuador's longest serving president will have to go in the dock. On 7 November the country's top court ruled that former president Rafael Correa (2007-2017) must stand trial for allegedly masterminding the botched kidnapping of a former opposition legislator in 2012. A day earlier Correa's vice president Jorge Glas (2013-2017), who was sentenced to six years in prison in October last year as part of the bribery scandal involving the Brazilian construction firm Odebrecht, was admitted to hospital after a downturn in his health in the midst of a hunger strike. Correa's supporters argue that the case against Correa and conviction of Glas are a sign of the politicisation of the judiciary under President Lenín Moreno and his determination to discredit Correa and his legacy. Moreno insists that he is merely allowing justice to run its course.

Fernando Balda, a Correa critic, was temporarily abducted in Colombia, before being rescued by the Colombian police. He has always accused Correa of having ordered Ecuador's intelligence services to kidnap him in a bid to intimidate and silence him. The national court of justice (CNJ) issued an Interpol Red notice for Correa's arrest in July. He was formally charged by prosecutors in September. Judge Daniella Camacho ruled that there was sufficient evidence for Correa to stand trial, along with the former head of the national intelligence agency (Senain), Pablo Romero, and two intelligence agents.

Camacho also declared Correa and Romero to be fugitives from justice. Correa had ignored a legal order to appear in court every 15 days as part of the investigation into the case, on the grounds that it was too far to travel as he is living in Belgium with his family. The trial cannot start unless Correa is in Ecuador. Shortly before the ruling, Correa tweeted that he was going to sleep as he knew full well what the outcome would be. He dismissed the charges as “a farce (and) political persecution”.

Correa said the same applied to the treatment of his former vice president. Glas went on hunger strike on 22 October to protest against his transfer the previous day from a prison in Quito to a maximum-security jail in Latacunga, the capital of the province of Cotopaxi. He was admitted to hospital in Quito on 6 November because of a deterioration in his health.

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